GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2075
ANSWERED ON:29.07.2016
Share of Service Sector to GDP
Ram Mohan Naidu Shri Kinjarapu

Will the Minister of FINANCE be pleased to state:

(a) whether the share of Service Sector to GDP is far greater than manufacturing even though the contribution of the Government is almost nominal, if so, the details thereof;

(b) whether the Government has identified for itself to give a further boost to the Service Sector in future and if so, the details thereof;

(c) whether the Government has any plan to bring convergence between the Service Sector and Industry; and

(d) if so, the details thereof along with the steps taken in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ARJUN RAM MEGHWAL)

(a)&(b) As per the data released by the Central Statistics Office (CSO), the share of service sector in Gross Value Added (GVA) at current basic prices was 53.2 per cent in 2015-16, whereas the share of manufacturing sector was 16.2 per cent. Among the service sector activities, a substantive presence of the General Government is limited only to "public administration, defence and other services", whose average growth was 6.5 per cent in the last four years. The remaining services, where the presence of the General Government is minimal, grew at an average rate of 9.6 per cent during the last four years. Given the targets for fiscal consolidation mandated by the Fiscal Responsibility and Budget Management (FRBM) Act, the possibility of significantly expanding the Government services, especially public administration, is limited. At the same time, the Government has made sizeable allocations to social sector activities like health, sanitation, education, etc.

(c) & (d) Strengthening the industrial base of the country is one of the highest priorities of the Government and it has been taking a number of steps to boost industrial growth. The 'Make in India' programme has identified twenty five thrust areas from both manufacturing and services sectors to provide major push to both these sectors. Apart from this, the policy initiatives like Start-up India, Stand-up India, Digital India and Skill India; fillip to manufacturing and infrastructure through fiscal incentives and concrete measures for transport, power, connectivity, smart cities and other urban and rural infrastructure; and, efforts at improving the ease of doing business through a number of facilitatory initiatives; are also likely to promote industrial growth. The substantive changes in the policy regime for foreign direct investment are expected to boost both industrial and service sector growth.

*****